SUBJECT No. 166.

The Income Tax.

(1) Mr. S. Sitaramiah, Shimoga taluk.
(2) Mr. C. Subba Rao, Shimoga District Board.
(3) Messrs. K. Shankaranarayana Rao, Nagar Sabha, Veené Rangaswamaiyengar, Krishna Setti and Subbaraya Mudaliar, Seringapatam taluk; Ahmed Saib, Nanjangud municipality, Padmanna & K. Venkatasamaiya, Nanjangud taluk
(4) Mr. G. Chandappa, Shimoga municipality.
(5) Messrs. N. Subba Rao and Mylarappa, Nagar taluk.
(6) Mr. S. R. Balakrishna Rao, Shimoga municipality.
(7) Mr. P. Venkappiah, Shimoga municipality.
(1) & (2) Messrs. Kotturaiya and Singri Nanjappa, Tiptur taluk; Sivaramaiya, Srikantiah and Narayanasetti, Maddagiri taluk; Kodandaramasetti and Channabasavaiya, Tumkur taluk; Chik Ramanna and Girmaji Rao, Kolar taluk; Gopala Rao, Kolar municipality, C. Narayanasami Chetty and Krishnachar, Kolar District Board; C. Krishnamurti, Law Association, Bangalore; B. Chinnasami Chetty, Commercial Association, Bangalore; B. K. Garudachar, Bangalore City Municipal Council.
(8) Messrs. S. Venkatesaiya, Hassan District Agricultural and Industrial Association; K. Ramanna, Hole-Narsipur taluk; Chowdaiya, Dasappa and Hariyanna, Arsikere taluk.

Summary of discussion.—(1) The proposed levy of Income Tax on the salaries and income of Government officials and other persons following the various professions has created much agitation and anxiety among the classes concerned. It is considered, not without good reasons, that there is no necessity for the levy of the tax and that the advantages to be derived from it are very few as compared with the trouble and anxiety the public will be put to by its levy.

(2) It is by no means desirable to impose the proposed Income Tax as the people have already been sufficiently burdened with several other taxes. Moreover the revenue which may be expected from this tax will be very small when compared with the revenues to be derived from other sources. If more money is wanted an export duty may be levied on certain articles, *viz.*, paddy, hides, etc.

(3) Having regard to the present financial condition of the State, there does not appear to be any necessity to levy the proposed "Income Tax." The practical working of the rules is beset with difficulties and the inconvenience that is sure to occur will far outweigh the anticipated advantages. It is therefore prayed that this Tax may not be introduced into the State.

(4) The object of levying Income Tax is said to be the extension of education. As this cannot be of benefit to all classes of the subjects of the State, the object of the levy is frustrated. The cost of the extension of education should be met from the general taxes collected from all communities.

(5) Some permanent benefit to the subjects of His Highness the Maharaja in commemoration of the Coronation of His Majesty the King-Emperor was prayed for during the last session of the Assembly and the subject was recorded. If it is intended to show any such benefit, it is prayed that the proposal to levy the Income Tax may be kindly dropped.

(6) The members of the Representative Assembly may be asked as to what tax they would recommend to be levied.

(7) *Per contra.*—The Income Tax proposed to be levied for the extension of primary education may be introduced early.

(8) All the papers connected with the discussion of this subject in the Economic Conference and its committees may be published so that the general public may have an opportunity of submitting their considered views

on the subject to the Government. It is particularly requested that detailed estimates of the yield of this form of taxation may be published, and that if such estimates have not been made already, they may be directed to be prepared and published.

Note.—Free discussion was allowed on this subject. Of the members that spoke some were for the measure, and some against it. Those that were in favor based their opinion on one or another of the following grounds :—

The levy of the Income Tax was necessary in order to equalise the burden on all people alike; the principle of taxation being that every one should contribute for the expenses of the Government. Under the present state of things it is the agriculturists alone that so contribute, while merchants, lawyers and salaried servants of Government paid nothing. This was anamolous and unfair to the raiyat, considering that all enjoyed the benefits of good and progressive Government equally. Further, what was paid by the agriculturists in villages was spent for the advantage of people in towns, *i.e.*, for non-agriculturists who paid nothing. Equalisation of the burden was therefore necessary, and this could be done by levying the Income Tax on those who were not contributing anything in the shape of general taxes. It was at the same time necessary to minimise oppression by subordinates in the collection of the tax by devising suitable remedies therefor. It was further desirable that the money raised by the new Tax should be utilised solely for the purposes of education.

Those who were against the introduction of the measure urged the following arguments :—

The necessity for the levy of the Income Tax was based on the fact that Government were feeling the want of funds for undertaking progressive measures. To make out such a necessity, the Government should take into consideration only ordinary receipts and expenditure, leaving out extraordinary receipts and expenditure. Next granting that a necessity for funds was made out, other methods should be resorted to for obtaining the requisite funds. In the first place, attempts should be made to save money by effecting retrenchments in the present expenditure. Another way to get the necessary funds for education, etc., was to reserve certain items of income for the purpose, *e.g.*, profits of investments. Money for productive works may be raised by creating a National Debt as in other countries. Even if the tax was to be levied much money would not be forthcoming, and the expenses of collection would perhaps be as much as the

revenue coming in. The data available for calculation of the tax could at best be inaccurate. There would also be much scope for oppression of the people by the subordinate executive. Rather than levy an Income Tax, it was better to impose an Export Duty in view of the rise in the price of food stuffs.

The sense of the Assembly having been taken by calling for votes by a show of hands, 43 voted for the measure and 81 against it.

Reply of Government.—The tax will not be levied and the subject not taken up for discussion for another year.

SUBJECT No. 167.

Export Duty.

Mr. S. R. Balakrishna Rao, Shimoga municipality.

Withdrawn.

SUBJECT No. 168.

The State Life Insurance System.

(1) Messrs. N. Subba Rao and Mylarappa, Nagar taluk, Rama Rao, Sorab taluk, Rajagopalaiengar, Chikballapur taluk, Gori Rajanna and Bramhappa, Goribidnur taluk, Kodandarama Setti and Channabasavaiya, Tumkur taluk, and Sidde Gowda, Channapatna taluk.
(2) Mr. S. R. Balakrishna Rao, Shimoga municipality.

Summary of discussion.—(1) The benefit of the State Life Insurance Scheme may be extended to the non-official subjects of His Highness the Maharaja, including patels and shanbhogs as people have no confidence in private companies.

(2) Information may kindly be furnished if definite orders have been passed for extending the scope of the State Life Insurance System to the non-official subjects of the State.

Reply of Government.—Under the consideration of Government.

SUBJECT No. 169.

Age limit for the State Life Insurance.

Mr. B Alasingra Char, Hassan taluk.

Summary of discussion.—Under the existing rules of the Mysore State Life Insurance, officers and officials cannot insure their lives after attaining 45 years of age. As many of the poor officials may get promotions after that age, they are precluded from the benefit of the first or further insurance. In order to obviate this difficulty, it is prayed that the age limit may kindly be raised to 50 years.

Reply of Government.—Will be referred to the Insurance Committee.

SUBJECT No. 170.

Proceedings of the Retrenchment Committee.

Messrs. Chik Ramanna and Girmaji Rao, Kolar taluk.

Withdrawn.

SUBJECT No. 171.

Impressed stamp papers for writing *hundis*.

Messrs. Kotturiah and Singri Nanjappa, Tiptur taluk.

Summary of discussion.—Impressed stamp papers for writing *hundis* may, as in the Bombay and Madras Presidencies be manufactured and issued.

Reply of Government.—Under consideration.